

1.0 INTRODUCTION

1.1 PROJECT OBJECTIVES, PURPOSE AND NEED

The proposed Shell Martinez Marine Terminal Lease Consideration Project (Project) involves Equilon Enterprises LLC, doing business as Shell Oil Products US (Applicant or Shell), entering into a new 30-year lease (current lease PRC 4908) of State sovereign land to continue operating the Shell Martinez Marine Terminal (Shell Terminal). The Shell Terminal, a tanker and barge petroleum loading/unloading facility, has operated at its current location offshore of the city of Martinez, Contra Costa County, since 1915.

This Environmental Impact Report (EIR) provides detailed information about the effect that the proposed Project is likely to have on the environment, lists ways in which the Project's significant effects might be minimized, and indicates alternatives to the Project. The California Environmental Quality Act (CEQA) Guidelines (section 15126.6.a) require that an ~~Environmental Impact Report (EIR)~~ describe a range of reasonable alternatives to the proposed Project, and analyze those that could feasibly attain most of the basic objectives of the Project. Therefore, in order to explain the need for this proposed Project, and to guide in development and evaluation of alternatives, ~~Equilon Enterprises LLC, dba (doing business as) Shell Oil Products US (Applicant, or Shell)~~ Shell was asked to define its Project objectives. The Applicant identified the following objectives for the ~~Shell Marine Oil Terminal Project (Project)~~:

The Project objective is to maintain the operation and viability of the Shell Martinez Refinery (Refinery) by continuing current Shell Martinez Marine Terminal (Shell Terminal) operations through which the Refinery both receives its raw materials and exports its refined products. The Project is needed in order to continue Refinery operations. Without the use of the Shell Terminal, the Refinery would not be viable and would eventually be shut down.

1.2 PURPOSE AND SCOPE OF THE EIR

Section 15124(d) of the State CEQA Guidelines requires that an EIR contain a statement within the project description briefly describing the intended uses of the EIR. The State CEQA Guidelines indicate that the EIR should identify the ways in which the Lead Agency and any responsible agencies would use this document in their approval or permitting processes. The following discussion summarizes the roles of the agencies and the intended uses of the EIR.

The California State Lands Commission (CSLC) is serving as the Lead Agency responsible for preparing the EIR in consultation with other agencies and the public. The EIR will be used by the CSLC in determining whether to approve Shell's proposal for a new 30-year lease of California sovereign lands.

The scope of the EIR covers the environmental impacts associated with operation of the Shell Terminal with particular emphasis on oil transfer operations at the Shell Terminal, vessel transit along shipping routes within San Francisco Bay and along the outer coast,

1 and upset (accident) conditions. This EIR will provide the CSLC the information required
2 to exercise its jurisdictional responsibilities in making its decision. The Project will also
3 be reviewed by a number of State, Federal and/or local agencies as noted in Section
4 1.4. —Permits, Approvals and Regulatory Requirements.

6 **1.2.1 Organization of this Draft EIR**

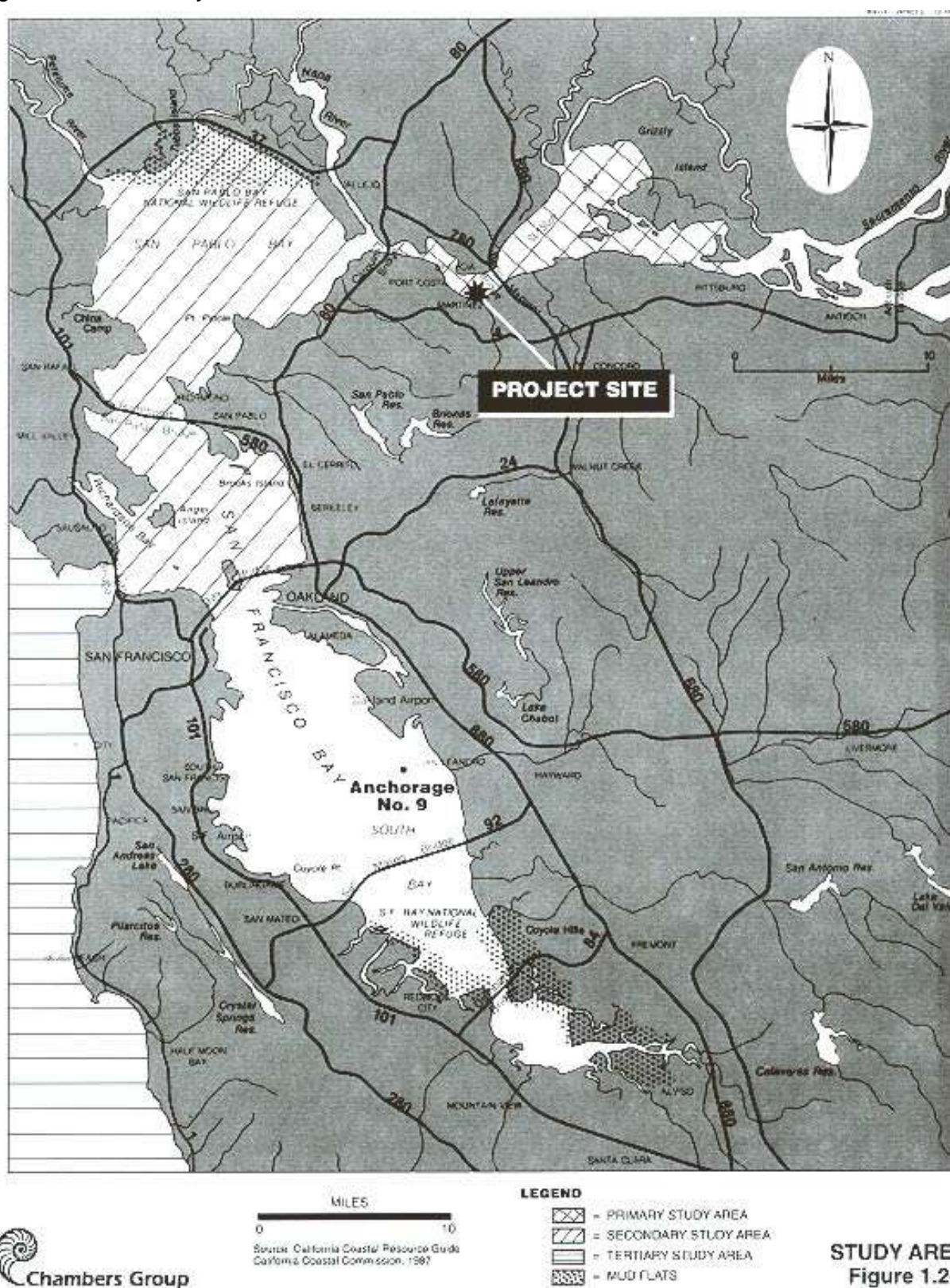
- 7 • Section 2.0, Description of the Proposed Project, describes the proposed Project,
8 its location, layout and facilities, and presents an overview of its operation;
- 9 • Section 3.0, Alternatives and Cumulative Projects, describes the alternatives to
10 the proposed Project carried forward for analysis, the alternatives that were
11 considered but eliminated from detailed evaluation, and identifies the cumulative
12 projects baseline;
- 13 • Section 4.0, Existing Environment and Impact Analysis, describes existing
14 environmental conditions within issue areas, project-specific impacts and
15 mitigation measures, and the impact analysis of the alternatives. Section 4.0 also
16 evaluates the impacts of the cumulative projects;
- 17 • Section 5.0, Other Required CEQA Sections, addresses other required CEQA
18 elements;
- 19 • Section 6.0, is the Mitigation Monitoring, ~~Compliance and Reporting~~ Program
20 (MMRGP).
- 21 • Section 7.0, Report Preparation Sources, presents information on the
22 qualifications of those who prepared the report;
- 23 • Section 8.0, References, lists reference materials used to prepare the report; and
- 24 • Appendices A-~~EE~~ to this ~~Draft~~ EIR contain the mailing list, the Draft EIR Notice of
25 Availability, the Notice of Preparation (NOP), copies of comments received on
26 the NOP, and the location in the EIR where the comments are addressed, and
27 other technical reports used in the preparation of this ~~Draft~~ EIR.

29 **1.2.2 Study Area Boundary**

31 Refinery operations are separate from Shell Terminal operations, and are not part of the
32 proposed lease. Refinery operations are not under the jurisdiction of the CSLC, and are
33 addressed only as they pertain to Shell Terminal operations or to alternatives to the
34 proposed Project.

36 The study area for this ~~Draft~~ EIR has been established in three tiers of scope as shown in
37 Figure 1.2-1. The primary study area covers the areas most susceptible to oil spills, the
38 approximate 28-acre footprint of public land immediately south of the Shell Terminal, and
39 the area extending west to the Carquinez Bridge and east to the western border of the
40 legally defined Delta, near Pittsburg, encompassing the Carquinez Strait and Suisun Bay.
41 Because vessels travel within the San Francisco Bay and the outer coast, the secondary
42 area of study is considered to be the area between the Golden Gate Bridge and the
43 entrance of Carquinez Strait. The California outer coast is the tertiary area of study.

1 Figure 1.2-1. Study Area



Information from previous relevant documents ~~have~~has been used as appropriate, including the Shore Terminals, LLC., Martinez Marine Terminal EIR prepared by the CSLC (Chambers Group 2004), and the Unocal Marine Terminal EIR prepared for the CSLC (Chambers Group 1994). Information from these EIRs pertinent to oil spill modeling ~~have~~has been reviewed for applicability to the Shell Terminal project and ~~have~~has been found to still be valid for use in this ~~Draft~~-EIR. The types of impacts that could occur from vessels transiting to/from the Shell Terminal in the Bay and along the outer coast have remained similar to both the 2004 and 1994 ~~analysis~~analyses. Particularly relevant ~~is~~are the data from the Shore Terminals EIR as both the Shore and Shell facilities are in Carquinez Strait less than 2 miles from each other, with Shore located just east of the Benicia-Martinez Bridge (I-680), and Shell located just west of I-680. Other resource information referenced ~~have~~has been reviewed for the age of data, validity to the current project, and where appropriate ~~have~~has been used in this ~~Draft~~ EIR.

Oil Spill Modeling

This ~~Draft~~-EIR examines the potential consequences of accidents, with reference to the extensive oil spill modeling presented in the Unocal Marine Terminal EIR (Chambers Group 1994) that contains, in particular, the 14 reasonable worst-case scenarios representing a wide range of possible oil spills with variable locations, sizes, wind and current conditions. Scenario No. 6 from that document presents a spill near the Shell Terminal. The analyses for accident conditions in this ~~Draft~~-EIR examine the potential impacts to sensitive environmental resources, show that a spread of oil can potentially cover the entire area between the Shell Terminal and the Sacramento San Joaquin Delta, and specify mitigation measures for Shell to implement to reduce or eliminate impacts. As above, the primary analysis focuses on the Shell Terminal and the area between the Shell Terminal and the Delta, with secondary and tertiary emphasis on the Bay and outer coast, respectively.

1.2.3 Definition of Baseline and Future Conditions

When the CSLC initially granted Shell the current CSLC lease, the CEQA was not in place, and to date no CEQA studies have been completed for construction or operation of the Shell Terminal. This ~~Draft~~-EIR analyzes the environmental impacts associated with Shell operations under the new lease. Granting of a new lease, the proposed Project, would allow Shell to continue operations for 30 more years.

~~The~~ Consistent with State CEQA Guidelines section 15125(a), baseline conditions are defined as the existing Shell operations when the NOP was published (July 21, 2004) unless specified otherwise (an example of the latter is Shell's combined limit or cap on Shell Refinery and Terminal emissions (REFEMS permit); the Bay Area Air Quality Management District (BAAQMD) considers the REFEMS permit to be the air quality baseline [see Responses to Comments CP-3 and CP-12]). Shell proposes to continue operation of the Shell Terminal with no major physical changes to the Shell Terminal

1 facility. Over the lease period, an increase in the annual number of vessel calls is
2 expected, along with an increase in annual Shell Terminal throughput.

3
4 The State CEQA Guidelines (section 15125(a)) require a description of the existing
5 environmental setting in order to examine and analyze the effects of the proposed
6 Project on the environment. Because the Shell Terminal is currently in place and
7 operational, this ~~Draft~~ EIR examines the impact of continued Shell Terminal operations
8 on the existing environment and for the proposed lease period. The impact analyses
9 measure the potential for impacts on the environmental conditions resulting from 30
10 more years of operating the Shell Terminal.

11 12 **1.3 PUBLIC REVIEW AND COMMENT**

13 14 **1.3.1 Scoping**

15
16 The CSLC, Lead Agency in accordance with the CEQA, determined that the proposed
17 Project may result in potentially significant adverse environmental impacts, and
18 therefore required preparation of ~~this Draft an~~ EIR pursuant to and in accordance with
19 the CEQA (Public Resources Code, section 21000 et seq.), the State CEQA Guidelines
20 (California Code of Regulations, sections 15000 et seq.), and the CSLC's guidelines
21 implementing the CEQA. On July 21, 2004, pursuant to the State CEQA Guidelines
22 (section 15082(a)), the CSLC provided a ~~Notice of Preparation (NOP)~~ for the proposed
23 Project to responsible and trustee agencies and to other interested parties. The NOP
24 solicited both written and verbal comments on the EIR's scope during a 30-day
25 comment period and provided information on a forthcoming public scoping meeting. The
26 CSLC held a public and agency scoping meeting in the city of Martinez, California, on
27 August 20, 2004, to solicit verbal comments on the scope of the EIR. ~~After CSLC staff~~
28 began the meeting and a representative for the Applicant discussed the Project
29 objective and provided an overview of the Shell Terminal, three persons spoke at the
30 scoping meeting—Bob Wainwright, Bill Barker, and Tim Platt. In addition, and-written
31 comments were received in response to the NOP from the following:

- 32
33 • Edgar Mendelsohn, Co-Chair, Conservation Committee, Mt. Diablo Group of
34 the San Francisco Bay Chapter, Sierra Club

35
36 A copy of the NOP, mailing list, meeting transcript, and letters received, as well as an
37 index of where such comments are addressed in the document, are included in
38 Appendix A.

39 40 **1.3.2 Public Comment on the Draft EIR**

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42 ~~This~~ The Draft EIR for the proposed Project was released on January 11, 2010. In
43 compliance with the State CEQA Guidelines, the CSLC provided a 45-day public review
44 period on this Draft EIR from January 11, 2010, to February 24, 2010. On January 11,
45 2010, a Notice of Availability for the Draft EIR was sent—is being circulated to local,
46 regional, federal and state agencies, property owners and occupants adjacent to the
47 proposed Project, and to other interested parties. individuals who may wish to The

Notice provided a summary of the Project and the public review and comment period, included information on how to access the Draft EIR, and listed the date, times, and location of two public meetings on the Draft report. Copies of the Draft EIR were also submitted to the State Clearinghouse for distribution to responsible and trustee agencies, and written copies and/or CDs were mailed to agencies, organizations, and others who requested a copy. Additional copies were available at the two noticed public meetings, which were held on February 10, 2010, at 3:30 p.m. and 5:30 p.m. At these meetings, the CSLC staff explained the CSLC's decision-making process, and the public and agencies had the opportunity to ask questions about the EIR and its contents and present oral and written testimony on the Draft EIR.

Written comments ~~may be on the Draft EIR that were submitted to the CSLC during the 45-day public review period~~ are presented and addressed in this Final EIR in Section II, Responses to Comments. Six written comments were received by mail or email; ~~no comments were submitted at the public meetings, for the proposed Project. Verbal and written comments on this Draft EIR will be accepted at a noticed public meeting (either noticed in this document or under separate cover). All comments received will be addressed in a Finalizing addendum, which, together with this Draft EIR, will constitute the Final EIR for the proposed Project.~~

1.3.3 EIR Information and Repository Sites

Placing the CEQA documents in "repository" sites can be an effective way of providing ongoing information about the project to a large number of people. Two repository sites in or near the proposed Project area were established, and documents were also available at the CSLC offices in Sacramento and Long Beach and posted online on the CSLC website (www.slc.ca.gov). The Draft and Final EIRs have been made available to the public at the following locations:

Martinez Library
740 Court Street
Martinez, CA 94553
(925) 646-2898

CSLC, Marine Facilities Division
750 Alfred Noble Drive, Ste. 201
Hercules, CA 94547
(510) 741-4950

CSLC, Division of Environmental
Planning and Management
100 Howe Avenue, Ste. 100-South
Sacramento, CA 95825
(916) 574-1310

This ~~Draft~~ EIR identifies the environmental impacts of the proposed Project on the existing environment, indicates how those impacts will be mitigated or avoided, and identifies and evaluates alternatives to the proposed Project. This document is intended to provide the CSLC the information required to exercise its jurisdictional responsibilities with respect to the proposed Project, which would be considered at a separate noticed public meeting of the CSLC.

The CEQA requires that a Lead Agency shall neither approve nor implement a project as proposed unless the significant environmental impacts have been reduced to an acceptable level. An acceptable level is defined as eliminating, avoiding or substantially lessening significant environmental effects to below a level of significance. If the Lead Agency approves the project, even though significant impacts identified in the Final EIR

cannot be fully mitigated, the Lead Agency must state in writing the reasons for its action. Findings and a Statement of Overriding Considerations (SOC) must be included in the record of project approval and mentioned in the Notice of Determination (NOD).

1.4 PERMITS, APPROVALS AND REGULATORY REQUIREMENTS

In addition to action by the CSLC, the proposed Project will require the following permits and approvals from reviewing authorities and regulatory agencies:

- Bay Area Air Quality Management District (BAAQMD) Major Facility Review Permit (air quality) for Shell Terminal and Refinery facilities;
- ~~Department of the Army, U.S. Army Corps of Engineers (USACE)~~ Permit for maintenance dredging and disposal;
- CSLC Marine Facilities Division (MFD), U.S. Coast Guard (USCG), and State Fire Marshall inspection requirements;
- 2001 California Building Code (CBC), Parts 2 (Volumes 1 and 2) and Part 3. Note that the “Marine Oil Terminal Engineering and Maintenance Standards” (MOTEMS) ~~is now~~ are codified in Chapter 31F, of Part 2 of the CBC (24 California Code of Regulations § 3101F et seq.);
- CSLC and USCG regulations for an Oil Spill Response Plan and Operations Manual;
- USCG “Certificate of Adequacy” as an oily waste reception facility;
- California Department of Fish and Game (CDFG), Office of Oil Spill Prevention and Response (OSPR) regulations and guidelines for spill prevention, response planning and response capability; and,
- California Marine Invasive Species Act (MISA) of 2003.

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